

**Statement of**  
**Sheila Cullen, Director, San Francisco VA Medical Center**  
**Before the**  
**Committee on Veterans' Affairs**  
**Subcommittee on Health**  
**U. S. House of Representatives**

**October 21, 2003**

Mr. Chairman, thank you for the opportunity to present testimony regarding compensation issues for VA physicians and dentists.

Our facility is a tertiary academic medical center with a strong and mutually beneficial affiliation with the University of California, San Francisco School of Medicine. One of the benefits of that affiliation has been our ability to recruit and retain top flight clinicians who provide high quality medical care to our veteran patients. We are proud to be home of five VA Centers of Excellence in Cardiac Surgery, Post-Traumatic Stress Disorder, Dialysis, Epilepsy, and HIV, all of which are relevant to the population we serve. As an adjunct to the excellent treatment we provide, we host the largest research program in the Department of Veterans Affairs with over \$55 million in funded projects during the current year.

We are located in the heart of the San Francisco Bay Area, which unfortunately has one of the highest costs of living of any region in the country. The Data Quick Real Estate News Service, which monitors local housing costs, reported that as of August 2003, the median price of a home in San Francisco was \$556,000, and in our two nearest neighbor counties, San Mateo and Marin, it was \$566,000 and \$627,000 respectively. Our experience has been that this fact alone, the inability to afford a home, has been the single most important reason cited by potential physician recruits for declining to accept offers

of employment with the VA. Because of these factors, recruitment and retention of outstanding clinicians is a major challenge.

Under the current salary structure, the process of recruiting physicians is difficult, time-consuming and often not fruitful. For example, we recently conducted a national search for an additional interventional cardiologist. Ads were placed in major professional journals, and we did receive a large number of applicants, however most were non-citizens. The search committee interviewed ten applicants and narrowed the field to three who were highly qualified. After “winning and dining,” introducing them to local real estate, and a final assessment of their qualifications, a final offer was made to an extremely qualified applicant, however the salary level was inadequate for him to accept. In the past few years we have often been unable to find qualified U.S. citizens, and have hired non-citizens in several specialty areas. Even they, however, are leaving for more lucrative opportunities in the private or academic sectors. We fully expect that these problems of recruitment and retention will accelerate in the next decade; 30% of the employees at the San Francisco VA Medical Center will be eligible to retire in the next five years, and many members of our current physician cadre are senior with many years of experience.

Many of our surgeons are part-time because this allows them to earn a better salary by maintaining an outside practice at the university or in the private sector. Our current workload could support hiring additional staff in a number of surgical specialties and I concur with our Acting Chief of Surgical Service who believes that if the VA could pay higher salaries, rather than relying on part-time staff, we could hire more full-time surgeons who would be able to offer important contributions to the medical center in other clinical areas such as quality improvement and peer review on our professional standards board. At the same time, the new pay bill would also give us the ability to pay competitive salary rates for intermittent physicians in highly specialized fields who are needed only occasionally.

Our sister VA facilities in the Bay Area also report difficulties recruiting physicians in a number of specialties. For example, the VA Northern California Health Care System, serving much of the East Bay and the Sacramento Valley, has had severe problems recruiting orthopedists, radiologists, anesthesiologists, dermatologists, gastroenterologists, ophthalmologists, and ENT surgeons.

To fill the clinical gaps caused by these recruitment and retention difficulties, VA facilities typically must contract, at very high rates, for these specialized services. In San Francisco during Fiscal Year 2003, we expended nearly \$1.8 million for 7.825 full-time equivalents for physician services in neuroradiology, interventional radiology, general radiology and anesthesiology. At Palo Alto, the problem is even more severe, where they have been forced to spend approximately \$6.8 million for 22.725 full-time equivalents in a wide variety of major specialties and sub-specialties, with the highest amounts concentrated in anesthesiology, diagnostic and interventional radiology, cardiothoracic surgery, neurosurgery, urology and vascular surgery.

If we are to remain a first-class institution, we need to have the flexibility to compensate our physician staff in a way that realistically addresses the market conditions within which we operate. The following are examples of outstanding attending physician faculty members that we hope to retain: our chief of Cardiothoracic Surgery, who runs our Center of Excellence and is an NIH-funded researcher; our chief of Medicine, who is a nationally renowned clinical leader in care of patients with HIV/AIDS; our full-time neurosurgeon who leads the surgical unit of our Movement Disorders-Parkinson's Disease Center, a program unique within the VA; and our very experienced interventional cardiologist, who provides an important care component to a fast growing program. While we in San Francisco are indeed fortunate to have these clinical leaders on our staff, we still have difficulty recruiting anesthesiologists, radiologists, gastroenterologists, cardiothoracic surgeons, oncologists, and additional interventional cardiologists.

The new salary bill will permit us to increase the pay we can offer, especially in the scarce specialties where the recruitment problems are greatest. Although there are some specialties that may not see increases, or may actually decrease, we support the provisions in the bill that will allow current staff to maintain their present salaries as well as the greater flexibilities in setting future rates. In addition, under the current system, we must often rely on using retention pay and recruitment bonuses. However, because these are not considered pay for retirement computation purposes, they are less valuable than would be a higher base salary. We also believe that this new pay package will benefit our Dental staff. Although we have found that the current pay and benefits for dentists is competitive, this will ensure that we will continue to be able to recruit them as well.

Overall, we believe that the proposed legislation will improve our ability to recruit and retain highly skilled clinical staff to provide the best possible care to our patient population. The annual review will allow physician salaries to remain competitive with the local market rate, and with the productivity component, will permit us for the first time to reward performers who exceed expectations.

I appreciate the opportunity to present this information to the committee and I will be pleased to answer any questions you might have.